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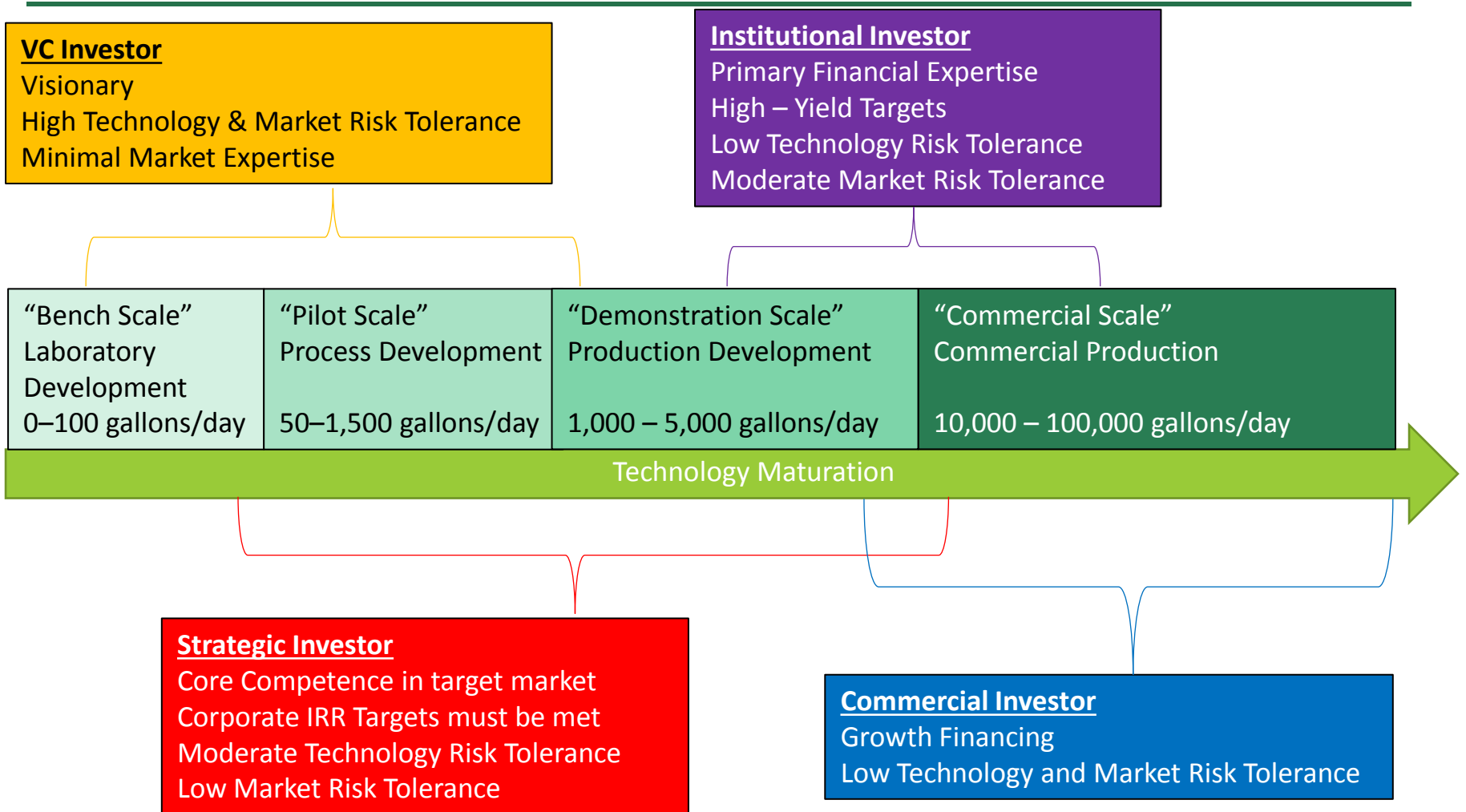
# Getting To Half

2030 CLIMATE CHANGE COMMITMENTS  
Governor's Office Five Pillars Symposium  
Rethinking Transportation in California

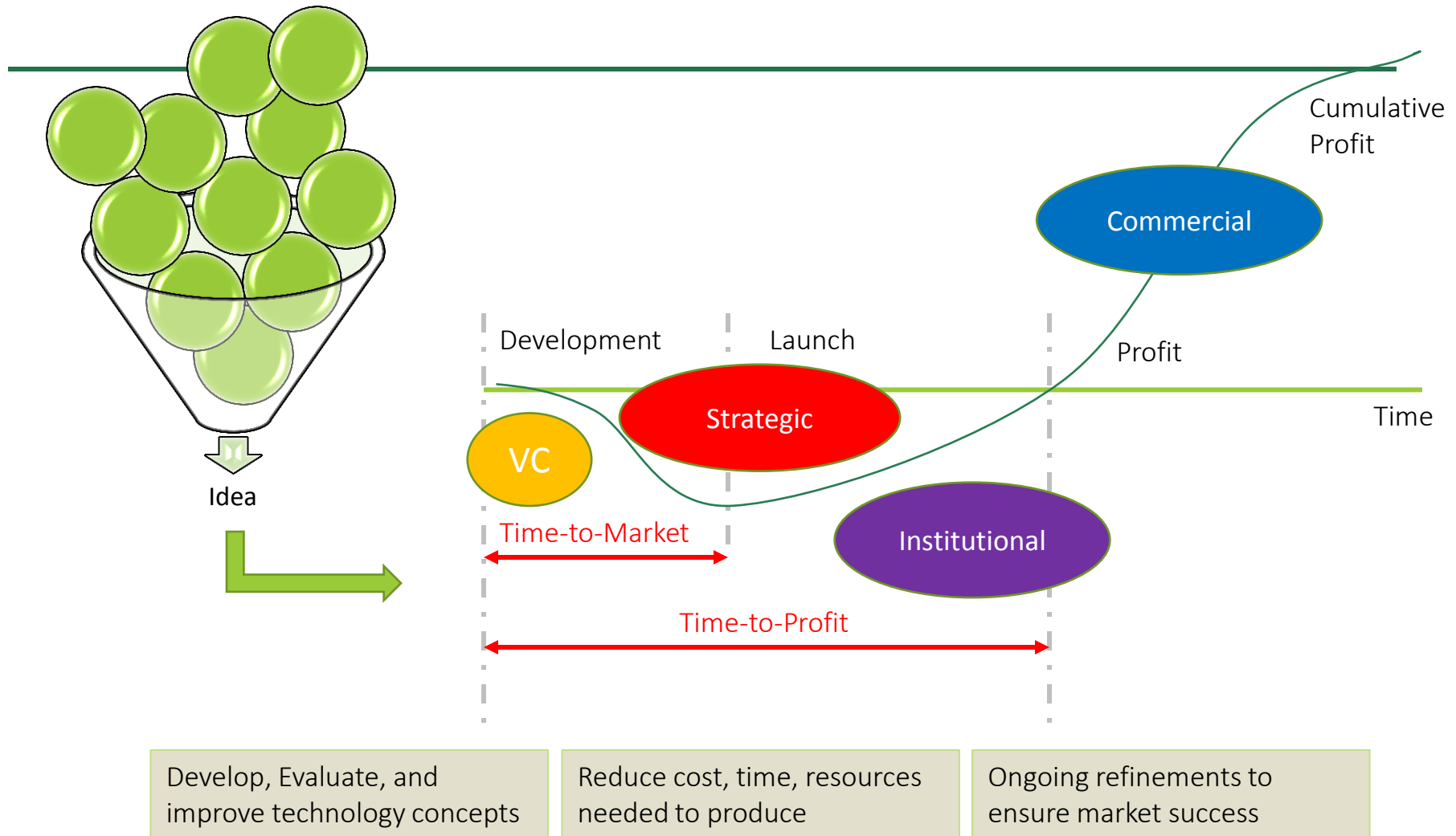
California Air Resources Board  
July 8, 2015  
Christopher J. Hessler, Partner, AJW, Inc.



# Who Is an “Investor”?



# The Technology Innovation Process



# Guiding Principles

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- **Policy Stability** – Nothing curbs private sector investment faster than fear of regulatory risk. (Enhance, but do not replace, current policies.)
- **Clear Price Signal** – Markets respond best when they have confidence around pricing, which often requires price caps. (Price caps can function as a sensible and stabilizing brake on market-forcing regulations.)
- **Technology Neutrality** – Let the market choose the least cost/most acceptable solutions – despite myriad temptations to favor specific technology outcomes. (Met the policy goals but didn't get enough of desired technologies? Then, raise the goals!)
- **Zero-Risk (to Government) Funding Approach** – Funding programs should not shift technology risk from the private sector to the government. Government incentives should pay out when technologies deliver results – not before. (But, the payout must be both certain and sufficient to motivate private sector.)

# The Road To 50%

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## 1. FIRST – DO NO HARM

- Maintain stable policy framework – stay the course with LCFS & vehicle standards
- Clear, steady policy increases investment, accelerates development and deployment of new technologies

## 2. THEN, MAXIMIZE MARKET RESPONSE WITH COMPLEMENTARY POLICY

- **Re-commit to Technology Neutrality** – Government funding should be technology neutral and completely risk free to the government
- **Strengthen LCFS When Appropriate** – Market capacity for rapid change will be more clear in time – but strong cost containment mechanism will continue to be crucial if standard is tightened in the future
- **Integrate Vehicle & Fuel Policy** – Encourage combined vehicle/fuel investment approaches to be used for compliance

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Thank You

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